

Profiting from sustainability? The effect of sustainability-related innovations on the performance of FMCG retailers

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Abstract

Numerous companies are proactively implementing measures to combat climate change, including retailers. This paper aims to examine whether innovations associated with the United Nations Sustainable Development Goals (SDGs) have a favorable effect on the financial performance of retailers. Based on ample data collected from the 18 largest publicly listed European grocery retailers from 2007 to 2021, the study will scrutinize this issue. The innovation activities of the retailers were operationalized as implemented innovation outcomes, collected from various publicly available sources. Two independent raters coded the outcomes to identify sustainability-related elements and the corresponding SDG. The findings of the panel regression analysis indicate a positive correlation between sustainability-related innovations and financial performance. In particular, innovations related to the 2nd, 9th, and 12th SDGs stand out for their impact on financial performance.

Subject Areas: *Finance, New Product Development and Launch, Retailing*

Track: Innovation Management & New Product Development